Message Text

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ACTION PM-07

INFO OCT-01 AF-10 ISO-00 SS-20 NSC-07 SP-03 CIAE-00 INR-10

NSAE-00 RSC-01 OMB-01 IGA-02 AID-20 DRC-01 /083 W 067686

R 280815Z JUN 74

FM AMEMBASSY ADDIS ABABA TO SECSTATE WASHDC 9786 INFO SECDEF WASHDC USCINCEUR

SECRET ADDIS ABABA 7429

SECDEF FOR OSD/ISA

USCINCEUR FOR ECJ7

E.O. 11652: GDS TAGS: MASS ET

SUBJECT: MILITARY ASSISTANCE: EFFECT OF FY-75 MAP CONTINUING RESOLUTION

REF: SECDEF 2231, DTG 051736Z JUN 74

- 1. WE HAVE FOR SOME TIME BEEN ALERT TO PROBABILITY THAT FY-75 MAP FUNDING WORLDWIDE WOULD BE UNDER CRA AND THUS HIGHLY CONTRAINED, AND THAT OUTSTANDING FY-74 MAP FUNDS MAY BE SUBJECT TO RECOUPMENT TO MEET OTHER REQUIREMENTS.
- 2. REF A STATES IN PART, QTE SUBJECT TO APPROVAL OF THE CHIEF OF THE US DIPLOMATIC MISSION IN EACH COUNTRY, THE TIGHT MAP FUNDING OUTLOOK AND NEED FOR COUNTRIES TO PLAN TO COVER OPERATING AND MAINTENANCE REQUIREMENTS FROM THEIR OWN RESOURCES SHOULD BE DISCUSSED WITH HOST COUNTRIES AT EARLIEST FEASIBLE DATE. UNQTE. TO DATE, WE HAVE CHOSEN NOT TO DISCUSS THIS SITUATION WITH IEG SINCE IDEA OF REDUCING GRANT AID TO ETHIOPIA IS COMPLETELY COUNTER TO THRUST OF RECENT SECURITY ASSSITANCE NEGOTIATIONS WHEREBY USG COMMITMENT OF \$11.3 MILLION GRANT/UP TO \$11 MILLION SECRET

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CREDIT/\$25 MILLION CASH FOR FY-74 AND \$11.3 MILLION GRANT/UP

TO \$11 MILLION CREDIT FOR FY-75 (SUBJECT TO CONGRESSIONAL AUTHORIZATION AND ALLOCATION) WAS TENDERED IEG.

- 3. WHILE CMAAG HAS ASSURANCES THAT HQ, EUCOM WILL SUPPORT FUTURE ACTIONS TO EXEMPT FY-74 O&M MAP DOLLAR LINES FROM RECOUPMENT, HE HAS NO ASSURANCES THAT SUCH ACTIONS WOULD ULTIMATELY BE APPROVED BY DOD.
- 4. IF ASSURANCES OF EXEMPTION OF FY-74 O&M MAP FUNDS ARE NOT PROVIDED, MAAG WILL HAVE NO RECOURSE BUT TO ADVISE IEG SHORTLY OF POSSIBLE ADVERSE IMPACT ON O&M OF CRA FUNDING FOR FY-75, SO THAT SUPPORT SALES AGREEMENTS CAN BE NEGOTIATED.
- 5. IF ASSURANCES CAN BE PROVIDED THAT FY-74 O&M MAP FUNDS WILL BE EXEMPT FROM RECOUPMENT, AND THAT PERIOD FOR USING THESE FUNDS CAN BE EXTENDED, CMAAG FEELS THAT, WITH CURRENT AUSTERITY SPENDING PATTERN, O&M GRANT AID REQUIREMENTS FOR IEMF CAN BE COVERED WITH FY-74 FUNDED DOLLAR LINES THROUGH FIRST QUARTER OF FY-76. THIS WOULD PERMIT US TO DELAY DISCUSSING ADVERSE EFFECT OF CRA FUNDING IN FY-75 WITH IEG UNTIL ABOUT DECEMBER 1, 1974, OR POSSIBLY LATER, DEPENDING ON WHAT PORTION OF FY-75 O&M DOLLAR LINES ARE FUNDED.
- 6. IF WE MUST DISCUSS SHORTLY WITH IEG THE POSSIBILITYFO REDUCTIONS IN FY-74 MAP FUNDING, STRONG ADVERSE REACTION CAN BE EXPECTED. IEG WOULD FIND IT INCOMPREHENSIBLE THAT USG COULD RENEGE ON GRANT AIDASSURANCES SO SOON AFTER TOP-LEVEL REVIEW OF ISSUE HAD RESULTED IN CONSIDERABLY MORE FORTHCOMING RESPONSE REGARDING CREDIT AND CASH PURCHASES.
- 7. IT IS RECOMMENDED THAT FY-74 O&M MAP FUNDS FOR ETHIOPIA BE EXEMPT FROM RECOUPMENT AND THAT PERIOD FOR THEIR USE BE EXTENDED TO SEPTEMBER 30, 1975.

8.	CHMAAG CONCURS.
W	YMAN

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